USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 4/1/2005

GAIN Report Number: KS5015

Korea, Republic of

Grain and Feed

Annual

2005

Approved by:
Marcus E. Lower
U.S. Embassy

Prepared by:
Sunchul Choi/Stan Phillips

Report Highlights:
Korea is expected to continue to reduce rice area to mitigate the high level of ending stocks resulting from decreasing consumption and increasing rice imports under the recently negotiated enlarged Minimum Market Access (MMA) quota. Negotiated between Korea and nine WTO member countries, the MMA will be in effect from 2005 to 2014. Ten percent of total rice imports is to be sold as table rice in the consumer market beginning in 2005. Assuming feed wheat supplies are limited to one million metric tons, corn imports are expected to stay around nine million metric tons. U.S. corn exports to Korea will depend on the availability of feed wheat and Chinese corn in the international markets, and food safety concerns of biotechnology.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Seoul [KS1]
[KS]

Table of Contents

SECTION I. SITUATION AND OUTLOOK

The Bank of Korea forecasts the gross domestic product (GDP) growth rate for 2005 at four percent, as compared to 4.6 percent in 2004. Consumer price increases are expected to remain in the three percent range. The unemployment rate is likely to hover in the mid-three percent range. The current account surplus is expected to reach approximately $20 billion in 2005 because the goods account surplus will shrink somewhat while the service account deficit will grow in comparison to last year. Many local economic analysts predict that Korean economic growth will slow further in 2005 because export growth will decelerate while domestic demand will rebound only marginally. In 2004, export growth was strong, driven mainly by semiconductors, wireless telecommunication devices and automobiles. In 2005, Korean exports are projected to grow at a slower pace due to a slowing global economy, a drop in the price of information technology products and a strong Korean won (₩). Meanwhile, domestic demand, still constrained by high household debt, is not expected to recover significantly until the end of the year. High unemployment and slow wage growth are holding back private consumption. Consumer confidence, however, is showing signs of improvement, with domestic car sales, credit card use and department store sales all on the rise.

Rice is the only grain produced in quantities approaching domestic demand. Domestic production of corn and wheat are insignificant. Consequently, Korea will remain reliant on imports to meet food and feed grain requirements. Market prices will dictate the level of substitution among feed grains. Food safety concerns, mostly related to biotechnology, are instrumental in determining foreign suppliers of food grains. In contrast, price is the primary criteria in determining suppliers of feed grains. Faced with rice prices several times higher than world rice prices, Korean per capita consumption of rice will continue to decline as consumers shift dietary patterns. Government efforts to reduce rice production through rice area reduction programs will likely continue.

Wheat

Wheat area and production are unlikely to increase significantly for the 2005 crop due to the limited demand for wheat flour made from locally grown wheat. Rice area reduction programs have resulted in more wheat area since 2002. For the 2004 crop, wheat area remained relatively insignificant at 3,792 hectares (HA), up 16 percent from the 2003-harvested area, and production was at 12,623 metric tons (MT), up 26 percent from a year earlier. However, the characteristics and quality of local wheat limits its utility for use in high quality bakery, noodle and confectionary products.

Per capita flour consumption in calendar year (CY) 2004 returned to 34.1 kilograms (Kg) (equivalent to 81.9 pounds) or up 1.2 Kg from the previous year due to the rebound of flour demand for noodle and bakery/confectionary purposes. All types of noodles account for 48 percent of total flour use, bread and confectionary 24 percent, home use 8 percent, restaurant use 10 percent and the remainder for soft beverage, soy-sauce, industrial use and others. Milling wheat consumption is expected to grow one to two percent in marketing year (MY) 2005/06 (July-June) in line with prospects for an improving economic situation.

In MY 2005/06, FAS/Seoul projects feed wheat consumption at 1-1.2 million metric tons (MMT) based on the five-year-average. Feed wheat consumption depends largely on feed wheat availabilities and prices of substitutes. In MY 2004/05, feed wheat consumption is expected to stay around 1 MMT based on reported feed wheat consumption during the first seven months and contracts for feed wheat deliveries for the remaining period. Transaction of feed wheat has been almost nothing since December 2004 due to the lack of availability of feed grade wheat from major suppliers.

FAS/Seoul forecasts MY 2005/06 Korean wheat imports at 3.5 MMT, composed of 2.5 MMT of milling wheat and 1 MMT of feed wheat. Imports of U. S. milling wheat are expected to remain at 1.4 MMT. The U.S. is expected to maintain a 50 to 55 percent share of Korea's milling wheat market. U.S. milling wheat – Dark Northern Spring (DNS), Hard Red Winter (HRW) and Soft White (SW) – has always competed with Australian wheat for the local noodle wheat market and with Canadian wheat for the bakery market.

Australia and Canada, principal competitors in the milling wheat market, rely on Wheat Boards to negotiate quality and price contracts directly with individual flour mills. These Boards conduct extensive market research on taste preferences to identify acceptable wheat-based products, and provide technical research and training for millers to broaden awareness and acceptance of their wheats.

Australian wheat continues to attract importer interest for noodle flour production by offering a widely popular low-protein, single-class noodle wheat (Australian Standard White (ASW)). As Korean noodle producers strive for higher quality with various styles of instant and functional noodles, flour specifications for noodles required by end-users are becoming increasingly complicated. Local producers, therefore, look to a single class “noodle wheat” to maintain uniform product quality and reduce production cost.

As Korea bread and rolls have moved toward a softer and more resilient texture, bakers and millers prefer Canadian Western Red Spring (CWRS) to U.S. Hard Red Spring (HRS) or HRW due to the better gluten characteristics of CWRS for the texture resilience.

The Australian Wheat Board (AWB) provides Korean millers a quarterly rotating line of credit of US$36 million. Korean flour millers used US$106.9 million to purchase Australian milling wheat under the AWB credit program. Although Canada also comes up with credit program, Korean millers prefer banker’s 6-months deferred payment to the Canadian credit program for financing imports of Canadian wheat. Under the fiscal year (FY) 2005 GSM-102 credit guarantee program, Korean flour millers are expected to use around US$200 million to import U. S. milling wheat. Korean millers used US$210.7 million to purchase 1.28 MMT of U.S. No. 1 wheat under the FY 2004 GSM-102 program. The Korea program total allocation was US$610 million without segregation by commodity. {{What is the FY 2005 allocation?}}

CORN

As corn production area in 2004 increased to 18,218 HA, up 7.4 percent from a year earlier, corn production peaked at 77,616 MT, the highest since 2000, along with higher yield than the previous year. Domestic production is expected to stay around 75-80,000 MT for the next couple of years.

For MY 2005/06 (October-September), total corn consumption is forecast at 9.2 MMT, composed of 2.2 MMT for food and 7 MMT for feed. Total compound feed production in MY 2005/06 is projected to grow less than one percent from the current forecast of 15.1 MMT in MY 2004/05 due to the expectation for limited growth in beef cattle production when U. S. beef returns to the Korean market.

In MY 2004/05, compound feed production is projected to increase only slightly because growing beef cattle and poultry numbers will be offset by decreasing swine and dairy cattle inventories. Korean beef cattle numbers, which reached a low point in March 2003, have continued to increase steadily since then. Beef cattle numbers are expected to continue to increase for the time being because of record level farm gate prices for beef cattle and calves. Farmers expect even more growth in demand for beef because the Korean consumer economy is expected to improve in 2005. Meanwhile, dairy cattle numbers are declining due to the overproduction of milk and a herd reduction program.

In MY 2003/04 swine inventories declined due to disease outbreaks. In MY 2004/05, swine numbers will likely continue to fall due to mandatory livestock registration regulations, which were recently announced by the Korean government. These regulations require that livestock farmers register their operations with the municipal government. Farmers must demonstrate that they have a minimum amount of space per animal and once a year they must agree to attend extension classes on environmentally friendly agriculture. (See KS 5007.)

Meanwhile, layer and broiler production is expected to increase because the demand for poultry products is on the rise, buoyed by the recovery of the Korean economy and by dwindling consumer concerns over avian influenza. Anticipated lower compound feed prices have also contributed to the expansion in poultry numbers. In the first ten months of 2004, due to sharp increases in prices for inputs, compound feed prices increased 23 percent. Subsequently, these prices fell by five percent in November 2004, and by another five percent in January 2005. A 2-3 percent decrease is expected this year.

Corn consumption is forecast to reach 2.1 MMT in 2005/06. Wet milling is expected to grow only 1-2 percent from the previous year due to continuing imports of corn starch from China. Starch demand is underpinned by the anticipated rebound of consumption of carbonated soft drinks as the Korean economic recovers. Dry milling is expected to remain at 150,000 MT as imports of corn grits (included hominy) continue to cover breakfast cereal manufacturers' demand.

In MY 2004/05, corn consumption for processing will remain unchanged at 2.0 MMT from MY 2003/04 due to: 1) declining demand for soft drinks; 2) continuing imports of competitively priced Chinese starch and corn syrup; and, 3) declining corn starch exports to Southeast Asian countries. A surplus of corn products in China has led to low prices for Chinese corn starch and corn syrup. Korean glue and soft drink manufacturers, therefore, imported the cheaper Chinese inputs, which substituted for higher priced Korean product. Meanwhile, high freight costs, resulting from high crude oil prices and increased demand for freight worldwide, rendered Korea's corn starch too expensive for its markets in Asia, which turned to tapioca starch as a less expensive substitute. Korea's corn starch exports have been in decline since the fourth quarter of MY 2003/04.

In MY 2005/06, Korea's corn imports are forecast at 9.1 MMT to meet the demand of the feed and food sectors, almost unchanged from expectations for MY 2004/05. The forecast for corn imports reflects expectations that Korea will import 1 MMT of feed wheat during MY 2005/06. In MY 2004/05, driven by the limited world supplies of feed wheat, Korean corn imports are projected to reach a record 9.0 MMT, 250,000 MT over MY 2003/04.

As Chinese corn exports have been volatile since MY 2003/04, Korean buyers have continued to buy on optional origin contracts in MY 2004/05. Grain suppliers have sold corn with the option to declare loading ports from China, South America or the United States. So far in CY 2005, suppliers have opted to fulfill their optional origin contracts with primarily Chinese corn. The projection for MY 2004/05 U.S. corn exports to Korea was revised downward, from 4.5 MMT to 3 MMT, to reflect that Chinese corn exports to Korea are expected to increase from 4 MMT to 6 MMT in MY 2004/05 (see CH5026).

Rice

On December 30, 2004, Korea submitted a proposal to the World Trade Organization (WTO) members to extend special treatment for rice through an enlarged minimum market access (MMA) agreement for the 2005-2014 period. In 2014 total rice imports will equal about eight percent of domestic consumption, up four percentage points from 2004 rice imports under the previous MMA. There will be a multilateral review of MMA implementation in the fifth year. The existing MMA import volume of 205,228 MT, milled basis, shall be allocated to certain WTO members based on historical trade flows, from 2001 to 2003, as a Country-Specific Quotas (CSQs). Included are: China at 116,159 MT; United States 50,076 MT; Thailand 29,963 MT; and, Australia 9,030 MT (milled basis). Future growth in the MMA volume shall be administered on a Most Favored Nation (MFN) basis as global quota with a limited portion allocated for domestic needs of specialty rice. Korea has an option to cease to apply the special treatment at the beginning of any year during the MMA implementation period (2005-2014). In the case of cessation of special treatment, the entire volume of the CSQs shall be subject to global quota on an MFN basis.

Accordingly, the Korean National Assembly revised the Food Grain Management Act and Rice Income Compensation Act in early March 2005 to cope with the continuous increase of rice imports under the scheduled rice market opening and the gradual decrease of rice consumption. Both revised acts are aimed at reducing price support to comply with Korea's WTO domestic support limits while increasing non-trade distorting support to rice farmers.

The revised Food Grain Management Act includes replacing the government-purchasing program by an alternative Public Storage System for Emergency (PSSE) and strengthening the labeling of food grain. The PSSE, which replaces the government procurement system that has played a major role in supporting rice farmers since 1948, is described as a means of food security for the government to buy rice at market prices during harvest and then sell rice during non-harvest periods at market prices. In MY 2005/06 (November-October), the Korean government plans to purchase 864,000 MT (milled basis) from the 2005 crop at the farm price.

The revised Rice Income Compensation Act includes criteria for rice income compensation including registration of area and beneficiaries, compensation rate and fund resources for rice income compensation. As the government-purchasing program was abolished, the Korean government came up with Direct Payment for Rice Income Compensation, which is composed of a type of fixed direct payment for rice income compensation under the WTO provisions non-trade distorting support and a type of flexible direct payment for rice income compensation which is expected to be notified to the WTO as trade distorting support.

The fixed direct payment for rice income compensation will provide ₩600,000 (equivalent to US$600) per HA annually as a direct payment to farmers for providing ancillary benefits to the public such as flood control, etc.. The flexible direct payment for rice income compensation is designed to make up for the loss of agricultural income incurred by the drop in the rice price. When rice price falls below the target price, based on the average price for the past three years, government compensates farmers with 85 percent of the difference between market price and the target price, excluding the portion of the fixed direct payment for rice income compensation. The target price was set at ₩2,126 (equivalent to US$2.13) per Kg (milled basis) and is applicable for crop years 2005 to 2007. The target price will be revised every three years through a review/approval process in the National Assembly.

For the 2005 crop, planted area is expected to decline to 990,000 HA, down 11,000 HA or 1 percent from last year, thanks to the Direct Payment for Adjustment of Rice Production**.** The program has been designed to provide ₩3 million (equivalent to US $3,000) per HA as a direct payment to farmers who do not cultivate any commercial crop on previously existing rice acreage from 2003 to 2005. Therefore, 2005 rice production is forecast at 4.8 MMT, assuming the 5-year-average yield per HA, down 4 percent from last year.

As the National Assembly rejected the Food Grain Marketing Committee recommendation for a four percent reduction in the government procurement price in CY 2004, the official rice procurement price remained at ₩2,097 (equivalent to US$2) per Kg for No. 1 grade milled rice, unchanged since 2001. The total quantity of government purchases was 711,000 MT, or 14 percent of total 2005 production. The National Assembly had also rejected an attempt to reduce the rice procurement price by two percent in CY 2003.

In MY 2004/05, per capita table rice consumption is expected to continue to decrease by 1.4 percent from 82 kg in MY 2003/04. This occurred as Korean dietary patterns have shifted from rice to wheat-based products. Similarly, the availability and affordability of other foods, such as meats and fruits, have reduced the consumption of table rice in urban areas. Stock levels will increase in MY 2004/05 unless rice is sent as aid to North Korea (DPRK).

Rice imports remain restricted by the Minimum Market Access (MMA) quota commitment under international agreement, subject to the ratification of the National Assembly following the verification by WTO members. WTO members are expected to verify the agreement by early April 2005. The National Assembly is then expected to ratify the new MMA in June 2005. If it is not ratified, Korean rice market will be liberalized under an import tariff system.

Assuming ratification of the plan, the MMA quota amount will be set at 225,575 MT (milled basis) in CY 2005, composed of 20,347 MT of global quota and 205,000 MT of CSQs. Korea is supposed to import 22,558 MT of table rice, or 10 percent of total imports. The Korean government plans to revise relevant regulations before June 2005 following the revision of the Food Grain Management Act in early March 2005 in order to permit the sale of imported rice to retail consumers from September 2005 on.

In CY 2004, Korea purchased 65,000 MT of U.S. No. 1 medium grain brown rice (equivalent to 58,500 MT on a milled basis), valued at US$ 26.4 million, through public tenders under its MMA commitment. In CY 2005, the U.S. is expected to export roughly 50,000 MT of U.S. No. 1 medium grain (milled basis) under the CSQ and some quantity of the 20,347 global quotas, also through public tenders.

SECTION II. WHEAT -- STATISTICAL TABLES

Wheat PSD

PSD Table

Country Korea, Republic of
Commodity Wheat

							(1000 HA)(1000 MT)
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07-2003		07-2004		07-2005	MM/YYYY
Area Harvested	2	2	3	4	0	4	(1000 HA)
Beginning Stocks	985	603	958	600	943	500	(1000 MT)
Production	10	10	10	12	0	12	(1000 MT)
TOTAL Mkt. Yr. Imports	3434	3341	4000	3350	0	3500	(1000 MT)
Jul-Jun Imports	3434	3341	4000	3350	0	3500	(1000 MT)
Jul-Jun Import U.S.	1466	1371	0	1400	0	1400	(1000 MT)
TOTAL SUPPLY	4429	3954	4968	3962	943	4012	(1000 MT)
TOTAL Mkt. Yr. Exports	131	79	125	80	0	80	(1000 MT)
Jul-Jun Exports	131	79	125	80	0	80	(1000 MT)
Feed Dom. Consumption	920	942	1500	1000	0	1000	(1000 MT)
TOTAL Dom. Consumpti	3340	3275	3900	3382	0	3432	(1000 MT)
Ending Stocks	958	600	943	500	0	500	(1000 MT)
TOTAL DISTRIBUTION	4429	3954	4968	3962	0	4012	(1000 MT)

Import Trade Matrix of Wheat

Import Trade Matrix

Country Korea, Republic of

Commodit Wheat

Time Period	July/June	Units:	1,000 MT
Imports for:	2002		**2003**
U.S.	1272	U.S.	1371
Others		Others	
Australia	1012	Australia	922
Canada	123	Canada	127
Ukraine	617	China	736
China	572	India	184
India	183		
EU	45		
Russia	108		
Total for Others	2660		1969
Others not Liste	4		1
Grand Total	3936		3341

Source: Korea Customs Service

Korea: Korean Economic Forecast for 2005		
Item	2004a/	2005b/
GDP (%)	4.6	4
Current Account (billion U.S.$)	27.6	20
Consumer Prices (%)	3.6	3-3.5
Unemployment (%)	3.6	3-3.5

A/ Preliminary
B/ Forecast
Source: Bank of Korea

Korea: Wheat Production			
Year	Harvested Area (Hectare)	Yield (MT/HA)	Production (MT)
1996	2,787	3.92	10,923
1997	1,838	4.04	7,433
1998	1,372	3.48	4,781
1999	1,533	3.67	5,626
2000	919	2.55	2,339
2001	915	3.1	2,841
2002	1,808	3.23	5,834
2003	3,281	3.2	10,011
2004	3,792	3.33	12,623

Source: Ministry of Agriculture and Forestry (MAF)

Korea: Wheat Imports (1,000 MT, Customs Cleared Basis)			
Marketing Year (July/June)	Feed	Flour	Total
95/96	272	2,235	2,507
96/97	1,197	2,253	3,450
97/98	1,717	2,200	3,917
98/99	2,453	2,237	4,690
99/00	1,304	2,479	3,783
00/01	691	2,410	3,101
01/02	1,498	2,369	3,867
02/03	1,667	2,268	3,936
03/04	921	2,420	3,341
04/05a/	900	2,450	3,350

a/ FAS/Seoul forecast
Source: Korea Customs Service

Korea: Monthly Wheat Import (1,000 MT)				
Month	Feed Wheat		Milling Wheat	
	MY 2003/04	MY 2004/05	MY 2003/04	MY 2004/05
July	66	87	202	211
August	134	59	205	173
September	117	82	199	189
October	77	127	220	205
November	48	107	218	195
December	72	83	185	234
January	52	138	166	214
February	22	na	192	na
March	86	na	234	na
April	87	na	178	na
May	101	na	218	na
June	59	na	177	na
Total	921	na	2,394	na

Source: Korea Customs Service

Korea: Post Estimates of Wheat Use (1,000 MT, July/June)				
Year	2001/02	2002/03	2003/04 a/	2003/04 a/
Milling Wheat	2,367	2,322	2,412 b/	2,460
Feed Wheat	1,415	1,628	942	1,000
Total	3,782	3,950	3,354	3,460

a/ FAS/Seoul forecast

b/ included 60,000 MT of soy sauce purpose.

Source: Korean Feed Association (KFA)
Korean Flour Millers Industry Association (KOFMIA)

Korea: Monthly Wheat Use (1,000 MT)				
Month	Feed Wheat		Milling Wheat	
	MY 2003/04	MY 2004/05	MY 2003/04	MY 2004/05
July	124	79	188	188
August	107	83	193	198
September	107	90	190	192
October	96	104	203	201
November	71	109	192	192
December	70	102	201	191
January	52	92	192	232
February	45	na	184	na
March	59	na	213	na
April	63	na	216	na
May	70	na	197	na
June	78	na	183	na
Total	942	na	2,352	na

Source: Korean Feed Association (KFA)
Korean Flour Millers Industry Association (KOFMIA)

Korea: Wheat Flour Utilization (1,000 MT)		
Calendar Year	Total Consumption (1,000 MT)	Per Capita (Kg per Year)
1996	1,618	34.4
1997	1,708	35.6
1998	1,632	33.6
1999	1,770	36.0
2000	1,803	35.5
2001	1,779	34.1
2002	1,778	34.1
2003	1,733	32.9
2004	1,792	34.1

Data include animal feed use ranging from 85,000 to 86,000 MT annually prior to CY2000.
Source: Korea Flour Mills Industrial Association (KOFMIA)

Korea: Milling Wheat Imports by Variety (Arrival Basis)					
		CY 2003		CY 2004	
Origin	Variety	(1,000 MT)	%	(1,000 MT)	%
United States	WW/SW	649.1	28.7	567.3	25.3
	HRW	228.7	10.1	269.9	12.0
	DNS	371.9	16.5	341.7	15.2
	Sub Total	1,249.7	55.3	1,178.9	52.5
Australia	AS a/	8.4	0.4	4.5	0.2
	ASW b/	778.2	34.5	851.4	37.9
	AH c/	97.7	4.3	103.8	4.6
	Sub Total	884.3	39.2	959.7	42.7
Canada	CWRS d/	125.0	5.5	108.0	4.8
	Grand Total	2,259.0	100	2,246.6	100

a/ Australian Soft
b/ Australian Standard White
c/ Australian Hard
d/ Canada Western Red Spring
Source: Korea Flour Mills Industrial Association (KOFMIA).

Korea: Import Tariff Rates for Wheat (Percent)					
Commodity		Applied Tariff Rate		Bound Tariff Rate	
		2004	2005	2004	2005
Durum Wheat	1001.10.0000	3	3	9.0	9.0
Meslins	1001.90.1000	3	3		
Seed Wheat	1001.90.9010	1.8	1.8	1.8	1.8
Feed Wheat	1001.90.9020 a/	0	0		
Milling Wheat	1001.90.9030 b/	1	1		
Others	1001.90.9090	1.8	1.8		

a/ In-quota rate for 1.905 MMT in CY 2005.
b/ In-quota rate for 2.6 MMT in CY 2004.
Source: Korea Customs Service (KCS)

SECTION II. CORN -- STATISTICAL TABLES

Corn PS&D

PSD Table

Country	Korea, Republic of						
Commodity	Corn				(1000 HA)(1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		10-2003		10-2004		10-2005	MM/YYYY
Area Harvested	17	17	17	18	0	19	(1000 HA)
Beginning Stocks	1285	1462	1568	1598	1568	1598	(1000 MT)
Production	70	70	70	78	0	80	(1000 MT)
TOTAL Mkt. Yr. Imports	8783	8776	8500	9050	0	9100	(1000 MT)
Oct-Sep Imports	8783	8776	8500	9050	0	9100	(1000 MT)
Oct-Sep Import U.S.	3952	3257	0	3000	0	3000	(1000 MT)
TOTAL SUPPLY	10138	10308	10138	10726	1568	10778	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	6600	6602	6500	7000	0	7000	(1000 MT)
TOTAL Dom. Consumpti	8570	8710	8570	9128	0	9180	(1000 MT)
Ending Stocks	1568	1598	1568	1598	0	1598	(1000 MT)
TOTAL DISTRIBUTION	10138	10308	10138	10726	0	10778	(1000 MT)

Korea: Import Trade Matrix for Corn

Import Trade Matrix

Country Korea, Republic of

Commodit Corn

Time Period	Oct/Sept	Units:	1,000 MT
Imports for:	2002		**2003**
U.S.	330	U.S.	3257
Others		Others	
China	7811	China	3671
Brazil	635	Brazil	1064
		Thailand	322
		India	235
		Argentina	203
Total for Others	8446		5495
Others not Liste	18		24
Grand Total	8794		8776

Korea: Corn Production			
Crop Year	Area (HA)	Yield (MT/HA)	Production (MT)
1997	21,097	4.11	86,763
1998	20,140	4.00	80,203
1999	20,134	4.09	79,333
2000	15,808	4.06	64,205
2001	14,208	4.03	57,218
2002	17,344	4.22	73,223
2003	16,966	4.14	70,242
2004	18,218	4.26	77,616

Source: Ministry of Agriculture and Forestry (MAF)

Korea: Corn Imports (1,000MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Ind.	Total	Feed	Ind.	Total	%
93/94	4,049	1,647	5,696	199	181	380	7
94/95	6,463	1,760	8,223	6,192	1,420	7,612	93
95/96	7,166	1,797	8,963	6,855	1,699	8,554	95
96/97	6,455	1,881	8,336	3,869	1,629	5,498	66
97/98	5,755	1,773	7,528	1,610	1,699	3,309	44
98/99	5,593	1,921	7,514	4,543	1,891	6,434	86
99/00	6,618	2,060	8,678	1,610	1,620	3,230	37
00/01	6,568	2,155	8,723	2,169	1,120	3,289	38
½	6,474	2,128	8,602	1,487	111	1,598	19
02/03	6,657	2,137	8,794	306	24	330	4
¾	6,659	2,117	9,776	2,921	336	3,257	37
04/05a/	7,000	2,050	9,050	3,500	500	4,000	50

a/ FAS/Seoul forecast.
Source: FAS Seoul

Korea: MY 2004/05 Monthly Corn Imports By Origin (1,000 mt, based on Customs Clearance)					
Country	U. S.	China	Brazil	Other	Total
Feed Corn					
2004 Oct.	481	0	87	17	585
Nov.	238	67	104	6	415
Dec.	365	233	7	0	605
2004 Jan.	123	411	3	0	537
Feb.	149	271	1	0	421
Processing					
2004 Oct.	87	0	79	3	169
Nov.	5	0	144	0	149
Dec.	34	0	207	1	242
2004 Jan.	29	0	55	0	84
Feb.	1	1	115	0	117
Total					
2004 Oct.	568	0	166	20	754
Nov.	243	67	248	6	564
Dec.	399	2330	214	1	847
2004 Jan.	152	411	58	0	621
Feb.	150	272	116	0	438

Source: Korea Customs Service

Korea: Total Corn Utilization (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total
1997/98	5,875	1,715	83	7,673
1998/99	5,560	1,886	80	7,526
1999/00	6,541	2,004	79	8,624
2000/01	6,460	2,092	64	8,616
2001/02	6,584	2,094	57	8,735
2002/03	6,569	2,145	68	8,782
2003/04	6,602	2,057	51	8,792
2004/05 c/	7,000	2,050	70	9,120

a/ Used for wet and dry milling process based on imported corn.
b/ for on-farm human consumption (on-the-cob) or snack food consumed on the cob, as puffed kernels or corn tea.
c/ FAS Seoul forecast.
Source: Korean Feed Association (KFA)
Korea Corn Processing Industry Association (KOCPIA)

Korea: Industrial Corn Consumption (Oct./Sept., 1,000 MT)			
Marketing Year	Wet Milling	Dry Milling	Total
1997/98	1,511	204	1,715
1998/99	1,670	216	1,886
1999/00	1,783	221	2,004
2000/01	1,880	204	2,092
2001/02	1,911	181	2,092
2002/03	1,929	180	2,109
2003/04	1,892	165	2,057
2004/05 a/	1,900	150	2,050

a/ FAS/ Seoul forecast
Source: Korea Corn Processing Industry Association(KOCPIA)

Korea: Feed Ingredient Use for Compound Feed Production (October/September, 1,000 MT)				
Items	MY 2001/02	MY 2002/03	MY 2003/04	MY 2004/05 a/
Sub. Total Grains and Grain Substitutes	**10,078**	**10,124**	**9,831**	**10,000**
- Wheat	1,508	1,608	859	1,000
- Corn	6,584	6,569	6,614	7,000
- Rye	83	52	107	Na
-Barley	30	3	27	Na
- Other Grains and Grain Substitute	1,873	1,892	2,224	2,000
Others	**5,302**	**5,296**	**5,105**	**5,100**
Grand Total	**15,380**	**15,420**	**14,936**	**15,100**

a/ FAS Seoul forecast.
Source: Korea Feed Association (KFA)

Korea: Feed Production per Animal (October/September, 1,000 MT)			
Animal Type	MY 2002/03	MY 2003/04	MY 2003/04 a/
Poultry	3,917	3,796	3,900
Swine	5,769	5,473	5,400
Cattle	4,611	4,713	4,900
Others b/	1,052	866	900
Total	15,349	14,848	15,100

a/ FAS/ Seoul forecast
b/ include ducks, pet food, rabbit, horse, sheep, deer, quail etc.
Source: Korea Feed Association (KFA)

Korea: Animal Inventory (1,000 Head, 1,000 Birds)					
Animal	Year	March	June	September	December
Beef Cattle	2002	1,371	1,448	1,461	1,410
	2003	1,337	1,423	1,464	1,480
	2004	1,521	1,627	1,667	1,680
	2005	1,700	na	na	1,840c/
Dairy Cattle	2002	548	545	543	544
	2003	552	541	526	519
	2004	517	509	503	502
	2005	500	na	na	484c/
Swine	2002	8,719	8,791	9,033	8,974
	2003	9,027	9,051	9,287	9,231
	2004	9,189	9,017	9,046	8,930
	2005	8,860	na	na	8,830c/
Layer a/	2002	50,471	49,589	50,299	50,191
	2003	48,740	49,080	49,380	48,350
	2004	47,910	48,060	49,090	48,000
	2005	48,180	na	na	49,360c/
Broiler b/	2002	52,436	72,193	47,118	45,005
	2003	47,490	66,756	42,451	44,803
	2004	36,493	68,526	47,714	44,730
	2005	Na	na	na	52,420c/

a/ excluding breeders.
b/ excluding multi-use broilers.
c/ Korea Rural Economic Institute projection
Source: Korea Rural Economic Institute

Korea: Import Tariff Rate for CY 2005							
Commodity	In-Quota				Out-of-Quota Rate	Bound Tariff Rate	
	Current Market Access Quota		Temporary Quota			In-Quota	Out-of-Quota
	Volume	%	Volume	%	%	%	%
Feed Corn 1005.90.1000	6,102,100 MT	1.8	7,050,000 MT a/	0	328	1.8	328
Industrial Corn 1005.90.9000		3	2,400,000 MT a/	1	328	3	328
Pop Corn 1005.90.2000		1.8	na	na	630	1.8	630

a/ Temporary reduced tariff quota rate for CY 2005
Source: Korea Customs Service (KCS)

SECTION II. RICE -- STATISTICAL TABLES

Rice, Milled PSD

PSD Table

Country Korea, Republic of
Commodity Rice, Milled (1000 HA)(1000 MT)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		11-2003		11-2004		11-2005	MM/YYYY
Area Harvested	1016	1016	1001	1001	0	990	(1000 HA)
Beginning Stocks	1025	1025	590	821	951	1300	(1000 MT)
Milled Production	4451	4451	5000	5000	0	4800	(1000 MT)
Rough Production	6015	6151	6757	6737	0	6486	(1000 MT)
MILLING RATE (.9999)	7400	7236	7400	7422	0	7401	(1000 MT)
TOTAL Imports	180	193	205	220	0	250	(1000 MT)
Jan-Dec Imports	162	188	210	230	0	250	(1000 MT)
Jan-Dec Import U.S.	0	63	0	50	0	50	(1000 MT)
TOTAL SUPPLY	5656	5669	5795	6041	951	6350	(1000 MT)
TOTAL Exports	200	211	0	0	0	0	(1000 MT)
Jan-Dec Exports	100	105	0	0	0	0	(1000 MT)
TOTAL Dom. Consumpti	4866	4637	4844	4741	0	4663	(1000 MT)
Ending Stocks	590	821	951	1300	0	1687	(1000 MT)
TOTAL DISTRIBUTION	5656	5669	5795	6041	0	6350	(1000 MT)

Import Trade Matrix

Import Trade Matrix

Country Korea, Republic of

Commodit Rice, Milled

Time Period	Jan/Dec	Units:	1,000 MT
Imports for:	2003		**2004**
U.S.	14	U.S.	63
Others		Others	
China	93	China	80
Thailand	23	Thailand	45
Total for Others	116		125
Others not Liste	0		0
Grand Total	130		188

Korea: Rice Area, Yield, And Production				
CROP		AREA	YIELD	PRODUCTION
YEAR		(1,000HA)	(KG/HA)	(MILLED, 1,000 MT)
1991		1,209	4,454	5,385
1992		1,157	4,608	5,331
1993	a/	1,136	4,181	4,750
1994		1,103	4,587	5,060
1995	b/	1,056	4,445	4,694
1996		1,050	5,070	5,323
1997		1,052	5,180	5,449
1998		1,059	4,813	5,097
1999		1,066	4,937	5,263
2000		1,072	4,936	5,291
2001		1,083	5,092	5,515
2002	c/	1,053	4,679	4,927
2003	d/	1,016	4,381	4,451
2004		1,001	4,995	5,000
2005	e/	990	4,900	4,850

a/ Wet and unseasonably cool weather during the summer.
b/ Flood damage in August in the central regions and unfavorable weather throughout the peninsula during the latter part of the growing season.
c/ Heavy rains during the summer and the effects of typhoon Rusa (Aug. 31 – Sep.1)
d/ Cool and rainy days in growing season and the effects of typhoon Maemi (September 9 - 12)
e/ Korea Rural Economic Institute forecasts.
Source: Ministry of Agriculture and Forestry

Korea: Government Program for Rice Purchases					
Crop Year	Production (1,000 MT)	Purchase (1,000 MT)	%	Price a/	
				Korean Won/Kg	US$/MT b/
1996	5,323	1,267	24	1,725	2,144
1997	5,449	1,224	22	1,725	1,816
1998	5,097	928	18	1,818	1,296
1999	5,263	876	17	1,911	1,607
2000	5,291	906	17	2,016	1,784
2001	5,515	828	15	2,097	1,625
2002	4,927	789	16	2,097	1,675
2003	4,451	750	17	2,097	1,760
2004	5,000	711	14	2,097	1,833

a/ #1 grade basis.
b/ Applied exchange rate is on the annual weighted average.
Source: Ministry of Agriculture and Forestry (MAF)

Korea: Rice Utilization Pattern (1,000 MT)			
Rice Year (Nov.- Oct.)	MY 2002/03	MY 2003/04 a/	MY 2004/05 b/
Beginning Stock	1,447	1,100	1,014
Production	4,927	4,451	5,000
Import	180	205	226
Total Supply	6,554	5,756	6,240
Table Rice	3,987	3,952	3,871
Processing	313	241	226
Seed	43	43	43
Others included loss	711	401	601
Total Demand	5,054	4,637	4,741
Export c/	400	105	na
Ending Stock	1,100	1,014	1,499
Total Distribution	6,554	5,756	6,240
Per Capita Consumption (Kg)	83.2	82.0	79.8
Population (1,000)	47,926	48,213	48,503
Self-Sufficient Rate (%)	97.5	96.0	105.5
Ending Stock Rate (%)	21.8	21.9	31.6

a/ MAF's Preliminary.
b/ FAS/Seoul forecast.
c/ Food aid to the DPRK on the long-term credit.
Source: Ministry of Agriculture and Forestry

Korea: Rice Aid to North Korea (Unit: MT)			
Month of Shipment	CY 2002	CY 2003	CY 2004
January	0	42,200	0
February	0	0	0
March	0	0	0
April	0	0	5,000
May	0	0	0
June	0	0	0
July	0	76,534	15,926
August	0	80,231	30,114
September	24,100	64,935	30,955
October	102,100	72,800	23,085
November	108,800	78,400	0
December	122,800	27,100	0
Total	357,800	442,200	105,080
MY Total	MY 2001/02:126,200	MY 2002/03:568,300	MY 2003/04:210,500

Source: Ministry of Unification

Korea: Allocation of the MMA for 2005-2014 (MT, milled rice)							
Calendar Year	Total	Global Quota	Country Specific Quota (CSQs)				
			Total	USA	China	Thailand	Australia
2005	225,575	20,347	205,228	50,076	116,159	29,963	9,030
2006	245,922	40,694	205,228	50,076	116,159	29,963	9,030
2007	266,269	61,041	205,228	50,076	116,159	29,963	9,030
2008	286,616	81,388	205,228	50,076	116,159	29,963	9,030
2009	306,963	101,735	205,228	50,076	116,159	29,963	9,030
2010	327,310	122,082	205,228	50,076	116,159	29,963	9,030
2011	347,657	142,429	205,228	50,076	116,159	29,963	9,030
2012	368,004	162,776	205,228	50,076	116,159	29,963	9,030
2013	388,351	183,123	205,228	50,076	116,159	29,963	9,030
2014	408,698	203,470	205,228	50,076	116,159	29,963	9,030

Source: MAF

Korea: Import Schedule of Table Rice (Milled Rice, MT)			
Calendar Year	Total	Table Purpose	Rate of Table Rice (%)
2005	225,575	22,558	10
2006	245,922	34,429	14
2007	266,269	47,928	18
2008	286,616	63,056	22
2009	306,963	79,810	26
2010	327,310	98,193	30
2011	347,657	104,297	30
2012	368,004	110,401	30
2013	388,351	116,505	30
2014	408,698	122,609	30

Source: MAF

Korea: Rice allocation per Country on the buying tender under MMA (Milled rice, MT)							
Calendar Year	MMA Quota	U.S.A.	China	Thailand	India	Vietnam	Australia
1995	51,307	0	0	0	51,307	0	0
1996	64,134	0	64,134	0	0	0	0
1997	76,961	0	58,961	18,000	0	0	0
1998	89,787	0	83,478	6,300	0	0	0
1999	102,614	0	80,114	13,500	0	9,000	0
2000	102,614	0	84,614	18,000	0	0	0
2001	128,268	27,000	63,000	18,000	0	0	20,268
2002	153,921	36,000	95,421	22,500	0	0	0
2003	179,575	49,500	103,075	27,000	0	0	0
2004	205,228	58,500	117,028	29,700	0	0	0
Total	1,154,409	171,000	749,834	153,000	51,307	9,000	20,268

Source: FAS/Seoul

Korea: 2004 Rice Tender Results under MMA TRQ				
Specification	Quantity (MT)		Price (US$/MT, CIP) on Brown Rice	Origin
	Brown Basis	Milled Basis		
Long Grain # 3	20,000	18,000	294.31	Thailand
Short Grain # 3	20,000	18,000	405.55	China
Short Grain # 3	20,000	18,000	408.88	China
Medium Grain # 1	15,000	13,500	387.34	U.S.A.
Medium Grain # 1	15,000	13,500	412.34	U.S.A.
Short Grain # 1	20,000	18,000	494.00	China
Medium Grain # 1	20,000	18,000	403.76	U.S.A.
Medium Grain # 1	15,000	13,500	418.84	U.S.A.
Short Grain # 3	15,000	13,500	408.88	China
Short Grain # 3	15,000	13,500	408.88	China
Short Grain # 3	20,000	18,000	407.88	China
Short Grain # 3	20,032	18,028	407.88	China
Long Grain # 3	13,000	11,700	303.92	Thailand
Total	228,032	205,228		

Note: Korean government has purchased rice on the brown basis in 40 Kg bag for local storage.
Source: FAS/Seoul

Korea: Monthly Wholesale Price of Milled Rice (High Quality)						
Month\Year	CY 2003		CY 2004		CY 2004	
	Won/Kg	US$/Kg	Won/Kg	US$/Kg	Won/Kg	US$/Kg
January	2,100	1.78	2,130	1.80	2,000	1.93
February	2,100	1.76	2,158	1.83	2,000	1.96
March	2,100	1.70	2,160	1.85	2,000	na
April	2,100	1.70	2,160	1.88	na	na
May	2,102	1.75	2,153	1.83	na	na
June	2,114	1.77	2,157	1.86	na	na
July	2,130	1.80	2,188	1.89	na	na
August	2,130	1.81	2,183	1.88	na	na
September	2,130	1.83	2,132	1.86	na	na
October	2,130	1.83	2,038	1.78	na	na
November	2,134	1.80	2,000	1.83	na	na
December	2,131	1.79	2,138	2.03	na	na
Average	2,117	1.78	2,133	1,86	na	na

Note: Monthly Average Exchange Rate is applied.
Source: Korea Agricultural Marketing Information Service (KAMIS)

Korea: Import Tariff Rate for Rice (Milled Rice, MT)						
Commodity	Minimum Market Access Quota				Bound Rate	
	2004		2005		In-Quota	Out-of Quota
	Volume	%	Volume	%	%	%
Rice (HS 1006)	205,228	5	225,575	5	5	na

Source: Korea Customs Service (KCS)